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1994 ANNUAL REPORT TO SHAREHOLDERS

SOUTH DAKOTA, JOHNSON GULCH

Our original application to the Lawrence County, Board of Commissioners for a County Conditional Use Permit ("CUP") which would allow us to mine and transport ore from our Johnson Gulch Gold Deposit to an off-site process facility (the Richmond Hill Mine) was, in 1994, denied on a vote of 3:2, by the Board. As a result, we were unable to conclude negotiations of a formal joint venture agreement with Lac Minerals Inc. ("Lac") which owns the Richmond Hill Mine.

A new application was in the process of being prepared when a take-over of Lac was initiated by Royal Oak Mines Ltd. Since that time, and with the conclusion of the Barrick Gold Corporation ("Barrick") take-over of Lac, we have not been able to resume negotiations with Barrick nor have we prepared a new CUP application.

We are the only company in South Dakota with a Mine Permit on and in respect of an unexploited Gold Deposit. We, of course, have a life-of-mine Mining Permit for Johnson Gulch. We are presently pursuing alternative processing facilities for the ore at Johnson Gulch.

SOUTH DAKOTA, VICTORIA MINE AND MONARCH MINE

In the past year we added significantly to our mineral property portfolio, in South Dakota, with the acquisition of a 100% beneficial interest in and to the patented claims containing the Victoria Mine (223 acres), the patented claims containing the Monarch Mine (262 acres) and the unpatented Falsebottom property mineral claims (82 claims).

Both the Victoria and Monarch Mines have Gold reserves. The Victoria is strategically located between the Richmond Hill Mine and our Johnson Gulch Deposit and it has the same mineralogy and geology.

All properties offer excellent exploration potential and, in 1994, we received an offer from one of the largest mines and heap-leach Gold producers in South Dakota in respect of an exploration joint venture. However, our objective for 1995 is to continue to acquire mineral property interests in Lawrence County, and to build our assets and mineral property portfolio. Of continued interest to us are patented mineral claims with gold reserves and exploration potential. We expect that the Company will initiate an exploration program on these properties in 1995, possibly by joint venture with a producing mining company already located in South Dakota.

NEVADA, LONGSTREET MINE

Although your Company did not conduct any exploration or development work at Longstreet, in 1994, a number of third party mining companies continue to be interested in developing the Gold Deposit and technical reviews of the project are underway, which we expect will lead to a joint venture for mine development.

ON BEHALF OF THE BOARD



ARCHIE J. NESBITT

President and Chief Executive Officer

